EXHIBIT 60

EXAMPLE OF DISALLOWANCE LETTER FOR
AMOUNTS PREVIOUSLY DEFERRED

Certified Mail - Return Receipt Requested

FILE ID:	RE: File No._____
ADDRESSEE:	Dear (**Medicaid State Agency Director**):
INTRODUCTION:	Your department was notified by our letter dated _____ (copy enclosed) of our decision to defer, in accordance with 45 CFR §201.15, a claim totaling $____ in Federal financial participation (FFP) for_____. This claim was made on line(s) _____ of the Quarterly Statement of Expenditures, CMS-2824, for the State provider certification program submitted by your Department for the quarter ending.
	This deferral action was taken because we questioned whether _____. In accordance with 45 CFR §201.15, you were requested to make available all related documents and materials necessary to determine the allowability of the claim.* This letter is to inform you of our decision after review of the documentation, regarding your claim for FFP.
BACKGROUND FACT:	(**Description of the issues involved and the findings of fact**.)
DISALLOWANCE DETERMINATION:	(**Citation of statute and/or regulations, an explanation of how the statute or regulation has been violated, and the decision**)
	* If the deferral time requirements are not met you should also add the following:
	Since we were unable to meet the time requirements of 45 CFR §201.15, your claim was paid on your grant award for the _____ quarter of fiscal year_____ dated_____.
	CMS regulation_____ CFR _____ provides that:
	(Provide explanation here.)
	Therefore, in accordance with the regulation(s) cited above, this letter constitutes your notice of disallowance in the amount of $_____FFP. Please resubmit the Quarterly Statement of Expenditures for which this disallowance action was taken, making the applicable decreasing adjustment and referencing disallowance number.

NOTICE/ ADJUSTMENT: As this disallowance includes FFP previously paid the State for expenditures for services furnished on or after October 1, 1980, it is subject to the provisions of section 961(a) of the Omnibus Reconciliation Act of 1980 (Public Law 96-499) as amended by section 2163 of the Omnibus Reconciliation Act of 1981 (Public Law 97-35). If you appeal this disallowance as provided below, Public Law 96-499 provides you the option of retaining the funds disallowed by this notice pending a final administrative decision. If the final decision upholds the disallowance and you elected to retain the funds during the appeal process, the proper amount of the disallowance, plus interest computed pursuant to Public Laws 96-499 and 97-35, will be offset in a subsequent grant award. You may exercise your option to retain the disputed funds by notifying the Regional Administrator in writing no later than 30 days after the postmarked date of this letter. In the absence of your notification that you elect to retain the funds, the Secretary will recover the disputed funds pending the final decision of the Grant Appeals Board.

APPEAL RIGHTS: Under section 1116(d) of the Social Security Act, you have the right to request reconsideration of this disallowance. Your reconsideration request must be submitted to the Executive Secretary, Departmental Grant Appeals Board, U.S. Department of Health and Human Services, Washington, DC 20201, no later than 30 days after your receipt of this letter. Your request must include a copy of this decision, a brief statement of the amount in dispute in your appeal, and a brief statement as to why you believe this decision is incorrect. Please send one copy of your request to me and one copy to the Associate Regional Administrator, Division of Health Standards and Quality. Your request will be processed pursuant to the rules and regulations of the Departmental Grant Appeals Board which are currently found at 45 CFR part 16. (See "Federal Register," Vol. 46, No. 168, published August 31, 1981.)

RO PROGRAM CONTACT: Should you require further details regarding this matter, please contact the Associate Regional Administrator, Division of Health Standards and Quality at (area code and telephone).

Sincerely

(Regional Administrator)

Enclosures: (if any)
cc: Central Office